AVERAGE ANNUAL PAY
IN SELECTED METROPOLITAN AREAS

Metropolitan Area	1985 Annual Pay	1986 Annual Pay	1985-1986 % Change
Birmingham, Alabama	$18,672	$19,164	2.6
Anchorage, Alaska	28,236	28,742	1.8
PHOENIX, ARIZONA	18,769	19,730	5.1
TUCSON, ARIZONA	17,351	17,951	3.5
Little Rock-North Little Rock, Arkansas	17,662	18,469	4.6
San Jose, California	25,050	26,365	5.2
Santa Cruz, California	15,826	17,055	7.8
Bridgeport-Stamford-Norwalk-Danbury, Connecticut	23,970	25,707	7.2
Miami-Hialeah, Florida	18,877	19,781	4.8
Atlanta, Georgia	20,264	21,246	4.8
Honolulu, Hawaii	17,902	18,724	4.6
Indianapolis, Indiana	19,494	20,115	3.2
Cedar Rapids, Iowa	18,620	19,145	2.8
Topeka, Kansas	17,929	18,641	4.0
Lexington-Fayette, Kentucky	17,269	17,780	3.0
Baton Rouge, Louisiana	18,587	18,531	-0.3
Bangor, Maine	15,902	16,712	5.1
Hagerstown, Maryland	17,784	17,966	1.0
Boston-Lawrence-Salem-Lowell-Brockton, Massachusetts	20,817	22,250	6.9
Flint, Michigan	26,575	26,638	0.2
Rochester, Minnesota	20,502	21,505	4.9
Biloxi-Gulfport, Mississippi	15,248	15,489	1.6
St. Joseph, Missouri	16,436	16,927	3.0
Billings, Montana	17,295	17,427	0.8
Lincoln, Nebraska	15,930	16,487	3.5
Las Vegas, Nevada	18,065	18,617	3.1
Atlantic City, New Jersey	17,827	18,870	5.9
Albuquerque, New Mexico	17,980	18,492	2.8
New York, New York	24,500	26,241	7.1
Jacksonville, North Carolina	12,482	12,859	3.0
Bismarck, North Dakota	16,513	16,879	2.2
Akron, Ohio	19,827	20,586	3.8
Oklahoma City, Oklahoma	19,089	19,144	0.3
Portland, Oregon	19,230	19,935	3.7
Pittsburgh, Pennsylvania	19,558	20,193	3.2
Charleston, South Carolina	16,004	16,560	3.5
Rapid City, South Dakota	14,607	15,225	4.2
Knoxville, Tennessee	16,721	17,401	4.1
Dallas, Texas	22,069	22,769	3.2
Provo-Orem, Utah	15,881	16,130	1.6
Richmond-Petersburg, Virginia	18,566	19,349	4.2
Seattle, Washington	20,907	21,928	4.9
Charleston, West Virginia	19,503	19,953	2.3
Kenosha, Wisconsin	19,637	18,669	-4.9
Casper, Wyoming	19,997	19,611	-1.9

SOURCE: News, U.S. Bureau of Labor Statistics, USDL 87-476, October 30, 1987.

The Arizona Labor Force in November

Arizona's economy continued to plod along in November, adding 7,500 new jobs. This was the slowest November job growth since the 1981-82 recession. A further indication of the slack economy was the edging up of the unemployment rate to 5.7 percent, the first increase since January. The service-producing industries maintained steady growth during the month, while construction and manufacturing were weak.

Construction continued its downward spiral, losing another 1,900 jobs in November. Since November 1986, construction employment has declined by 12,700, a contraction of 11.3 percent. Construction employment normally shows a seasonal drop this time of year as cold weather hinders building activity in the northern counties. This month, however, 1,700 of the construction jobs lost were in Maricopa County. The slowdown in building activity in the Phoenix metropolitan area is the consequence of extensive overbuilding in both the commercial and multifamily residential sectors in 1985 and 1986. No improvement is expected for this industry until the glut of office space and apartments on the market is absorbed. Even the most optimistic of forecasts do not see any growth in construction activity until late 1988.

As the dollar falls on the foreign exchange market, making U.S. goods more competitive, manufacturing is expected to rebound. It is apparent that Arizona's manufacturers have not felt the effects of the decline in the dollar as employment declined for the third consecutive month, down 100 from October. Despite these recent decreases, manufacturing employment is still slightly above its November 1986 level.

Employment gains in the trade sector indicate that retailers are expecting a good holiday season. Trade employment grew by 4,300 over the last month and 4,800 since November 1986. While surveys of consumer sentiment show that the October 19 stock market crash will have a negative impact on consumer spending, it is not expected to be substantial. The holiday shopping season in the southern counties could be sluggish due to the late-November peso devaluation.

Service industries also showed seasonal gains as businesses geared up for the influx of winter visitors. The 1,000 service jobs added in November, paired with the strong gains of the previous two months, point toward a healthy winter tourism season.

Government employment, which was up 3,700, accounted for nearly half of November's job growth. The two primary sources of this job growth were students in work-study programs at colleges and universities and temporary workers hired for the state fair in late October and early November.

With 11 months of employment statistics in, it appears that total wage and salary employment growth for 1987 will be in the 2-3 percent range, well below the 4.9 percent growth recorded in 1986. Job growth in 1987 has exhibited the same pattern as in 1986, with the service-producing industries easily outpacing the goods-producing industries. Future job growth will depend on the speed with which manufacturing and construction come out of the doldrums.

The short-term prospects for Arizona's economy will be shaped by consumer reaction to the stock market crash, the effects of the federal budget cuts, and the Federal Reserve's monetary policy. These factors will be critical in determining if the economy will continue to be flat or show some strength.

Rosemary Reardon

November 1987 (in thousands)

	ARIZONA			-- Amt Change --		MARICOPA COUNTY			-- Amt Change --		PIMA COUNTY			-- Amt Change --	
	Nov.* 1987	Oct. 1987	Nov. 1986	Oct. to Nov.	1986 to 1987	Nov.* 1987	Oct. 1987	Nov. 1986	Oct. to Nov.	1986 to 1987	Nov.* 1987	Oct. 1987	Nov. 1986	Oct. to Nov.	1986 to 1987
TOTAL CIVILIAN LABOR FORCE**	1680.1	1663.7	1625.4	+16.4	+54.7	1045.6	1036.9	1007.6	+8.7	+38.0	325.4	320.1	315.0	+5.3	+10.4
Total Unemployment	93.9	92.1	108.6	+1.8	-14.7	49.7	48.7	56.3	+1.0	-6.6	15.3	14.6	18.3	+0.7	-3.0
Rate	5.6	5.5	6.7	---	---	4.8	4.7	5.6	---	---	4.7	4.6	5.8	---	---
Rate (Sea. Adj.)***	5.7	5.6	6.9	---	---	4.8	4.8	5.7	---	---	4.7	4.5	5.8	---	---
Total Employment	1586.2	1571.6	1516.8	+14.6	+69.4	995.9	988.2	951.3	+7.7	+44.6	310.1	305.5	296.7	+4.6	+13.4

The Above Labor Force Statistics Should Not Be Used for Economic Assistance Programs

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT BY PLACE OF WORK

TOTAL WAGE AND SALARY	1394.8	1387.3	1374.9	+7.5	+19.9	918.6	914.9	903.4	+3.7	+15.2	247.9	245.1	244.7	+2.8	+3.2
Manufacturing	186.3	186.4	186.1	-0.1	+0.2	135.4	135.2	133.5	+0.2	+1.9	30.2	30.3	31.1	-0.1	-0.9
Durable Goods	144.9	145.0	145.4	-0.1	-0.5	106.7	106.6	105.7	+0.1	+1.0	24.8	24.9	25.8	-0.1	-1.0
Stone, Clay and Glass	7.4	7.5	8.1	-0.1	-0.7	4.7	4.7	5.3	+0.0	-0.6					
Primary and Fabricated Metals	15.6	15.6	16.2	+0.0	-0.6	10.5	10.4	10.8	+0.1	-0.3					
Primary Metals	7.4	7.3	7.6	+0.1	-0.2										
Fabricated Metals	8.2	8.3	8.6	-0.1	-0.4										
Machinery	64.8	64.9	64.6	-0.1	+0.2	51.7	51.8	51.3	-0.1	+0.4					
Other Durable Goods	57.1	57.0	56.5	+0.1	+0.6	39.8	39.7	38.3	+0.1	+1.5					
Aircraft and Missiles	26.7	26.6	27.5	+0.1	-0.8										
Lumber and Wood Products (Except Furniture)	8.3	8.4	8.0	-0.1	+0.3										
All Other Durable Goods	22.1	22.0	21.0	+0.1	+1.1										
Nondurable Goods	41.4	41.4	40.7	+0.0	+0.7	28.7	28.6	27.8	+0.1	+0.9	5.4	5.4	5.3	+0.0	+0.1
Food and Kindred Products	9.2	9.5	9.1	-0.3	+0.1	6.1	6.2	6.1	-0.1	+0.0					
Apparel	4.4	4.3	4.8	+0.1	-0.4	3.2	3.1	3.0	+0.1	+0.2					
Printing and Publishing	16.2	16.1	15.6	+0.1	+0.6	11.3	11.3	11.0	+0.0	+0.3					
All Other Nondurable Goods	11.6	11.5	11.2	+0.1	+0.4	8.1	8.0	7.7	+0.1	+0.4					
Mining and Quarrying	11.3	11.2	10.9	+0.1	+0.4	0.6	0.6	0.6	+0.0	+0.0	1.7	1.7	1.6	+0.0	+0.1
Copper Mining	8.6	8.5	8.2	+0.1	+0.4										
Other Mining and Quarrying	2.7	2.7	2.7	+0.0	+0.0										
Construction	99.7	101.6	112.4	-1.9	-12.7	66.4	68.1	76.9	-1.7	-10.5	20.5	20.5	22.1	+0.0	-1.6
Trans., Communications, and Public Utilities	71.6	71.3	68.8	+0.3	+2.8	48.7	48.5	45.9	+0.2	+2.8	10.0	9.9	9.8	+0.1	+0.2
Transportation	32.8	32.5	31.8	+0.3	+1.0	22.6	22.5	21.5	+0.1	+1.1	4.9	4.8	5.0	+0.1	-0.1
Communications and Public Utilities	38.8	38.8	37.0	+0.0	+1.8	26.1	26.0	24.4	+0.1	+1.7	5.1	5.1	4.8	+0.0	+0.3
Trade	330.2	334.9	334.4	+4.3	+4.8	230.9	228.5	228.4	+2.4	+2.5	56.2	55.2	55.2	+1.0	+1.0
Wholesale Trade	64.8	64.3	64.1	+0.5	+0.7	51.1	51.2	51.3	-0.1	-0.2	7.8	7.8	7.4	+0.0	+0.4
Retail Trade	274.4	270.6	270.3	+3.8	+4.1	179.8	177.3	177.1	+2.5	+2.7	48.4	47.4	47.8	+1.0	+0.6
General Merchandise and Apparel	46.1	44.4	45.5	+1.7	+0.6	30.4	29.4	29.8	+1.0	+0.6	7.7	7.3	7.7	+0.4	+0.0
Food Stores	44.7	43.8	42.5	+0.9	+2.2	29.3	28.8	27.8	+0.5	+1.5	7.3	7.1	7.0	+0.2	+0.3
Automotive and Service Stations	32.1	32.2	31.7	-0.1	+0.4	20.1	20.2	20.2	-0.1	-0.1	5.5	5.5	5.4	+0.0	+0.1
Eating and Drinking Places	95.4	94.5	94.6	+0.9	+0.8	61.2	60.3	60.6	+0.9	+0.6	18.0	17.8	18.0	+0.2	+0.0
Other Retail Trade	56.1	55.7	56.0	+0.4	+0.1	38.8	38.6	38.7	+0.2	+0.1	9.9	9.7	9.7	+0.2	+0.2
Finance, Insurance, and Real Estate	91.5	91.4	90.8	+0.1	+0.7	72.1	72.1	71.6	+0.0	+0.5	12.7	12.6	12.5	+0.1	+0.2
Services and Miscellaneous	344.2	343.2	331.3	+1.0	+12.9	232.1	231.6	222.5	+0.5	+9.6	64.3	63.9	61.7	+0.4	+2.6
Hotels and Other Lodging Places	35.7	35.4	32.6	+0.3	+3.1	20.1	19.8	18.4	+0.3	+1.7	6.4	6.3	5.8	+0.1	+0.6
Business Services	75.3	75.5	72.9	-0.2	+2.4	60.3	60.7	58.1	-0.4	+2.2	11.3	11.0	11.1	+0.3	+0.2
Health Services	85.7	85.3	82.2	+0.4	+3.5	56.2	55.9	53.8	+0.3	+2.4	18.2	18.2	17.3	+0.0	+0.9
Other Services	147.5	147.0	143.6	+0.5	+3.9	95.5	95.2	92.2	+0.3	+3.3	28.4	28.4	27.5	+0.0	+0.9
Government	251.0	247.3	240.2	+3.7	+10.8	132.4	130.3	124.0	+2.1	+8.4	52.3	51.0	50.7	+1.3	+1.6
Federal	42.6	42.7	41.6	-0.1	+1.0										
State and Local	208.4	204.6	198.6	+3.8	+9.8										
School	124.2	121.5	117.7	+2.7	+6.5										

* Preliminary
** Labor force, unemployment, and employment are reported by place of residence.
*** Normal seasonal variations have been eliminated to reflect underlying economic trends.
NOTE Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Arizona Labor Force and Employment

November 1987 (in thousands)

-- Prepared by Arizona Department of Economic Security, Research Administration (CPS, 1/87)

Nonmetropolitan Counties
Labor Force and Employment
November 1987

	Apache	Cochise	Coconino	Gila	Graham	Green-lee	La Paz
TOTAL CIVILIAN LABOR FORCE*.	15,625	36,725	43,000	12,925	8,675	3,250	4,975
Total Unemployment	2,100	2,950	3,325	1,475	825	350	400
Rate	13.4%	8.0%	7.7%	11.4%	9.5%	10.8%	8.0%
Rate (Seas. Adj.)**. . . .	14.1%	8.0%	7.9%	11.3%	9.8%	11.4%	-INA-
Total Employment	13,525	33,775	39,675	11,450	7,850	2,900	4,575
THE ABOVE LABOR FORCE STATISTICS SHOULD NOT BE USED FOR ECONOMIC ASSISTANCE PROGRAMS							
TOTAL WAGE AND SALARY. . . .	15,500	24,300	37,475	10,350	5,050	2,875	3,125
Manufacturing.	950	1,325	2,800	1,450	200	75	100
Mining and Quarrying	25	100	100	1,275	0	1,575	0
Construction	1,275	1,150	1,900	250	200	175	175
Trans., Comm., & Pub. Util..	1,975	1,400	2,375	425	175	25	100
Trade.	1,400	5,425	8,475	2,175	1,325	225	1,075
Fin., Insur., & Real Estate.	325	650	850	275	125	25	100
Services and Miscellaneous .	4,475	4,025	9,425	1,900	875	150	700
Government	5,075	10,225	11,550	2,600	2,150	625	875

	Mohave	Navajo	Pinal	Santa Cruz	Yavapai	Yuma
TOTAL CIVILIAN LABOR FORCE*.	30,550	27,375	38,800	9,950	37,625	39,650
Total Unemployment	2,325	2,950	3,325	1,300	1,925	5,625
Rate	7.6%	10.8%	8.6%	13.1%	5.1%	14.2%
Rate (Seas. Adj.)**. . . .	7.7%	11.5%	9.0%	12.0%	5.4%	-INA-
Total Employment	28,225	24,425	35,475	8,650	35,700	34,025
THE ABOVE LABOR FORCE STATISTICS SHOULD NOT BE USED FOR ECONOMIC ASSISTANCE PROGRAMS						
TOTAL WAGE AND SALARY. . . .	20,250	20,250	29,575	8,550	23,875	26,850
Manufacturing.	2,625	1,925	3,700	1,250	2,500	1,850
Mining and Quarrying	425	1,150	3,650	0	625	50
Construction	1,400	1,050	1,175	325	2,025	1,600
Trans., Comm., & Pub. Util..	1,150	1,750	1,150	525	875	1,000
Trade.	5,750	3,800	5,025	3,300	6,325	7,800
Fin., Insur., & Real Estate.	900	375	750	300	950	1,025
Services and Miscellaneous .	4,300	5,025	4,125	1,275	5,100	6,325
Government	3,700	5,175	10,000	1,575	5,475	7,200

*Adjusted to the Current Population Survey (CPS) to reflect place of residence.
**Seasonal adjustment not applicable for economic assistance programs.

NOTE--Series for Yuma and La Paz counties start January 1983. Data are not comparable to any past series.

Prepared in conjunction with the U.S. Department of Labor, Bureau of Labor Statistics.

Arizona Labor Force and Employment for Economic Assistance Programs November 1987

County	Civilian Labor Force	Employment	Unemployment	Rate
Statewide	1,680,076	1,586,175	93,901	5.6%
Apache	15,646	13,537	2,109	13.5
Cochise	36,722	33,783	2,939	8.0
Coconino	42,985	39,664	3,321	7.7
Gila	12,931	11,447	1,484	11.5
Graham	8,672	7,843	829	9.6
Greenlee	3,252	2,899	353	10.9
La Paz	4,962	4,565	397	8.0
Maricopa	1,045,559	995,888	49,671	4.8
Mohave	30,532	28,215	2,317	7.6
Navajo	27,378	24,418	2,960	10.8
Pima	325,396	310,063	15,333	4.7
Pinal	38,801	35,474	3,327	8.6
Santa Cruz	9,963	8,655	1,308	13.1
Yavapai	37,632	35,697	1,935	5.1
Yuma	39,645	34,027	5,618	14.2

These figures are the only official BLS labor statistics to be used for revenue sharing purposes. They are not designed to be used as economic indicators. Note: Series for Yuma and La Paz counties start January 1983. Data are not comparable to any past series.

Arizona Unemployment Insurance Activities October 1987

	October 1987	September 1987	October 1986	% Change From One Year Ago
Claimants Served*	26,052	29,105	29,861	-12.8%
Average Weeks Unemployed**	9.2	9.4	INA	INA%
Benefits Paid*	$ 9,956,760	$ 11,282,032	$ 11,853,291	-16.0%
Trust Fund Balance	$409,717,299	$412,604,195	$380,523,083	7.7%

*All Programs **UI Only

Estimated Hours and Earnings of Production Workers in Selected Industries Arizona

INDUSTRY	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	NOV.* 1987	OCT. 1987	NOV. 1986	NOV.* 1987	OCT. 1987	NOV. 1986	NOV.* 1987	OCT. 1987	NOV. 1986
FOR THE STATE OF ARIZONA									
Manufacturing	403.40	406.00	415.06	40.3	40.6	41.3	10.01	10.00	10.05
Aircraft & Missiles	567.23	552.51	INA	43.7	43.3	INA	12.98	12.76	INA
Food & Kindred Products	371.70	385.06	396.16	41.3	41.9	42.1	9.00	9.19	9.41
Primary Metals	467.87	476.69	474.67	37.4	37.3	39.1	12.51	12.78	12.14
Machinery	395.76	392.61	382.64	38.8	39.3	39.9	10.20	9.99	9.59
Copper Mining	495.73	499.79	483.83	40.6	40.6	39.4	12.21	12.31	12.28
Construction	421.94	419.76	430.98	36.5	36.0	36.4	11.56	11.66	11.84
Utilities	629.42	584.03	605.19	42.5	41.1	42.8	14.81	14.21	14.14
Retail Trade**	244.50	244.51	238.72	32.6	32.3	32.0	7.50	7.57	7.46
Wholesale Trade	400.97	395.36	383.66	39.7	39.3	40.3	10.10	10.06	9.52

Estimated Hours and Earnings of Production Workers in Selected Industries Maricopa County

INDUSTRY	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	NOV.* 1987	OCT. 1987	SEP. 1987	NOV.* 1987	OCT. 1987	SEP. 1987	NOV.* 1987	OCT. 1987	SEP. 1987
FOR MARICOPA COUNTY									
Manufacturing	436.89	442.57	435.48	41.1	41.4	41.2	10.63	10.69	10.57
Construction	429.60	428.90	418.99	35.8	35.3	34.8	12.00	12.15	12.04
Retail Trade**	267.15	266.16	278.80	32.9	32.9	34.0	8.12	8.09	8.20
Wholesale Trade	403.61	396.15	388.32	39.3	38.8	38.6	10.27	10.21	10.06

Estimated Hours and Earnings of Production Workers in Selected Industries Pima County

INDUSTRY	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	NOV.* 1987	OCT. 1987	SEP. 1987	NOV.* 1987	OCT. 1987	SEP. 1987	NOV.* 1987	OCT. 1987	SEP. 1987
*****FOR PIMA COUNTY*****									
Manufacturing	362.39	361.53	360.04	38.8	39.0	37.7	9.34	9.27	9.55
Copper Mining	532.90	519.99	526.26	41.6	41.8	41.8	12.81	12.44	12.59
Construction	378.88	384.75	359.62	37.0	37.5	35.5	10.24	10.26	10.13
Utilities	550.84	554.55	554.60	41.2	41.2	40.9	13.37	13.46	13.56

* Preliminary

** Excludes eating and drinking places.

NOTE--These estimates are based on a sample of full and part-time production and related employees whose payroll and hours are reported for the pay period which includes the 12th of the month. Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

--Arizona Department of Economic Security, Research Administration. (1972 SIC, 1/87)

What Is Happening in the Health Care Industry?

Plenty. The health care delivery system has been in a period of transition for several years. Prior to the 1980s, the health care system was encouraged to grow in order to increase the supply of services to all areas and people of the nation. The consumer, who used to provide nearly one-half of the cost of his or her health care, currently pays only 28 percent and only 10 percent of hospital costs. In effect, payment responsibility has shifted to insurance companies and government programs. The shift in financial responsibility encouraged the development of new technology. But as new technology and new procedures were taking hold, so were higher costs of health care.

In the early 1980s, the cumulative effect of inflation, recession, and escalating costs of health benefits per patient threatened the solvency of the Medicare system. In 1983, legislation was enacted in an attempt to limit the rising costs of health care. The Social Security amendment of 1983 mandated a new system for hospital payments. Under the new system, hospitals are compensated according to a predetermined average cost of patient care. Different rates are assigned for each of the 467 diagnosis-related groups (DRGs), and hospitals are reimbursed according to that schedule. The DRG-based payment system allows hospitals to retain any savings or to absorb any expenses in excess of the amount allocated for the corresponding DRG. Hospitals are thus encouraged to keep their costs down. Under the previous system, Medicare reimbursed hospitals for any amount spent.

Hospitals have responded to the new DRG-based system with procedures to manage admissions and patient flow, monitor the number of tests and interventions ordered by physicians, and control operating expenditures. Data from the American Hospital Association indicate that, since the beginning of 1983, there has been some shift in hospital utilization. The average length-of-stay of patients over 65 years of age dropped to 8.8 days in 1984 from 10.1 days in 1982. In addition, there has been a sharp decline in admissions of all patients under 65. Among the most likely reasons for these shifts in hospital utilization are the built-in incentives of the DRG-based reimbursement system as well as technological developments that have enabled the substitution of ambulatory services for inpatient care, and the use of laser technology which has drastically reduced inpatient recovery periods.

The reduction in demand for inpatient services has prompted hospitals to broaden their range of programs and services, particularly with those unrestricted by DRG schedules. Services, such as hospice care, rehabilitation, alcohol and other drug-dependency treatments, birthing centers, outpatient surgery, geriatric assessment, cancer screening, health education, and even sports-medicine programs are becoming more and more part of many hospitals' regular services.

The expansion of services and cost-containment initiatives has influenced the growth and staffing pattern of workers in the hospital industry. Representing over 50 percent of operating budgets of community hospitals, labor costs are a target when budgetary reductions are on the horizon. A growing trend in this industry is to reduce unnecessary personnel through attrition and, to a lesser extent, the implementation of hiring freezes. On the other hand, to supplement the personnel demand in other areas, hospitals are contracting services, hiring part-time workers, and maintaining a number of on-call staff.

Also, since 1982, an unprecedented rise in the number of individuals enrolled in health maintenance organizations (HMOs) has been occurring throughout the nation. It has been observed that HMO enrollees pay 20 to 40 percent less for health care than those enrolled in fee-for-service health insurance plans. HMO affordability could be attributed to a self-restrained system of health care. HMO physicians are encouraged to reduce unnecessary hospitalizations and nonessential interventions. In addition, HMOs place emphasis on preventive care, ambulatory services, the hiring of multi-specialty staff, and risk-sharing by

ESTIMATED EMPLOYMENT--ARIZONA

Industry (SIC Code)	1980	% Share 1980	1985	% Increase 1980-1985	1990	% Increase 1985-1990
801-804	15,504	29.2	21,118	36.2	NA	----
805	5,561	10.5	9,205	65.5	13,238	43.8
806*	27,498	51.7	37,046	34.7	46,142	24.6
807 and 809	2,145	4.0	2,554	19.1	NA	----
808	1,937	3.6	3,955	104.2	5,681	43.6
80	53,138	100.0	74,061	39.4	96,097	29.8
Total wage and salary	1,018,346	-----	1,278,364	25.5	1,534,270	20.0

* Government hospitals are not included. The estimated employment for government hospitals was 14,012 in 1980 and 12,303 in 1985.

NA = Not available

physicians, all of which translate to lower expenditures.

Also significant is the increase in the number of nursing and personal care facilities and offices of health care practitioners. It is no secret that the segment of the population 65 years of age and over is gaining in proportion. Human life expectancy is lengthening as the bulk of the "baby boom" generation turns gray. The demand for acute, geriatric, and long-term care is expected to continue rising, as is the number of providers of this type of care.

In general, the elements contributing to the reshaping of the health care delivery system nationally are also impacting Arizona's health care system. Nevertheless, in Arizona, there is a unique set of socio-economic forces influencing the growth of the state's health industry. Since the early 1970s, population growth, in particular, has been a major driving force behind the growth of all industries in Arizona, especially of the health care industry.

Although population growth in the state has begun to taper down, approximately 100,000 new residents have been added to the state's population every year since 1980. During that time, the health care delivery system in Arizona expanded its employment by nearly 38.5 percent, about 6 percentage points higher than the economy wide employment gain over the same period. According to the latest projections, Arizona's health services employment will increase by about 19 percent between 1986 and 1990, while the economy as a whole will rise by only 14 percent during the same period.

The health services industry corresponds to the establishments found under the Major Group code 80 of the Standard Industrial Classification (SIC) Manual, and it includes the following groups:

- 801, 802, 803, 804: Offices of all health practitioners
- 805: Nursing and personal care facilities
- 806: Hospitals
- 807: Medical and dental laboratories
- 808: Outpatient care facilities
- 809: Other health services

Although the health care delivery system in Arizona will continue to grow at a faster rate than the economy as a whole, its industry sectors will vary significantly in rate of growth. The state's health care industry will continue to evolve in order to satisfy the demand generated by technological, demographic, and economic forces. These forces will, in turn, continue to redefine all facets of Arizona's health services industry.

Clara Dunn

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New Developments

"New Developments" is featured each month as a service to employers and job seekers. It is a compilation of public announcements of the more significant new construction, grand openings, major hirings and layoffs, and other employer events that have special significance for Arizona labor markets. The announcements are paraphrased and otherwise edited from articles published in newspapers and other periodicals from throughout the state. "New Developments" is limited to space available, and no attempt is made to compile an exhaustive list of all such events that have occurred during the month.

BUSINESS CLIMATE - Inc. magazine has again ranked Arizona first in the nation in an annual survey of economic climates among the 50 states. Rankings were based on the number of jobs created from February 1983 to February 1987, the number of new companies formed in 1983 or later, and the number of fast-growth companies in each state. New Hampshire ranked second.

TRANSPORTATION - JIMSAIR Aviation Services of San Diego is planning to buy Arizona Jet Inc. of Phoenix and build a $4 million terminal-hangar complex on 11 acres now occupied by Arizona Jet at Phoenix Sky Harbor Airport. Within the next two years, JIMSAIR will construct two buildings: a 28,125-square-foot hangar and a 10,000-square-foot executive air terminal. The firm will provide fuel and repair services for a variety of aircraft and employ 60 to 70 persons in the Phoenix area.

Piedmont Airlines has become the ninth major U.S. airline to serve Sky Harbor International Airport. Daily non-stop flights from Charlotte, North Carolina, have begun. Service to Baltimore-Washington International Airport will commence on January 6, 1988.

RETAIL TRADE - Home Depot of Atlanta is seeking three new Valley sites. A 119,000-square-foot store is being planned at 67th Avenue and Bell Road in Glendale. Other sites are being explored at Pima and Indian Bend roads in Scottsdale and at Kyrene and Warner roads in Tempe.

Estes Co. will be constructing a $22 million shopping center in Mesa. The 230,000-square-foot center will be on a 23-acre site on the southwest corner of Baseline and Power roads.

The McJobs Program, a training program for individuals with severe disabilities, is being operated by the McDonald's Corporation in the Phoenix area. A job coach trains four to six individuals every eight weeks in any phase of the restaurant's operations in which the individual is interested and shows potential for

learning. At the completion of training, the graduates are placed at a McDonald's near their home. For more information, contact either Linda Berg or Pat Wilson at 842-1125.

California-based El Pollo Loco, a fast food chain specializing in charbroiled chicken, is entering the Valley. One site has already been selected at Alma School and Baseline roads in Mesa, and up to nine additional sites will be chosen within the next six months.

Good Times! Drive Thru Burgers Inc., a subsidiary of Round the Corner Restaurants Inc., is planning to open 30 restaurants in Arizona within the next three years. The company will emphasize one-minute service.

CONSTRUCTION - Construction is under way on Barrios Unidos Park, a 15-acre park south of Mohave on 14th Street. The $1.5 million park will have an outdoor amphitheatre, a community center, a lighted softball and soccer field, and picnic tables. Completion is expected by February.

Ground has been broken for the Superblock development in downtown Phoenix. The $515 million project will cover eight blocks with office towers, shops, restaurants, a hotel, and a park. The blocks are bounded by Van Buren, Fillmore, Second, and Fifth streets. The first phase will consist of a 20-story office building to be used as the headquarters of Arizona Public Service Co., a second office building of 15 to 18 stories, a two-story retail and restaurant complex, a parking garage for 2,800 vehicles, and a three-acre park.

Construction has begun on Scottsdale's Shea Boulevard improvements program. Shea will be widened to six lanes from Pima Road to 124th Street. The project will include sidewalks, bikepaths, street lights, and median landscaping. The total cost is estimated at $6 million. Private developers have agreed to fund or construct portions of the roadway that front their respective developments.

The Bureau of Indian Affairs has appropriated $3 million to complete an 11-mile section of the Hopi-Navajo Turquoise Trail that runs between Second Mesa and Hard Rock. Construction should be completed by June.

According to a study by Chicago Title Insurance Co., the Valley ranks as the nation's seventh-leading housing growth market. Comparing the number of new units built with the number of existing households, there were 5.87 housing starts for every 100 existing households in the Valley in 1986. Nationally, the ratio was 2.04 to 100. The Valley is expected to have 37,400 housing starts in 1988.

Foothill Shadows Limited Parnership is building a 332-unit apartment complex at the southeast corner of 92nd Street and Redfield Road in Scottsdale. The complex will have an overall end value of $18 million.

HOTELS - The Ramada Hotel Group has announced that Phoenix will be the new headquarters of Rodeway Inns International Inc., which was acquired by Ramada in June. The transfer from Dallas and anticipated expansion will eventually create up to 50 new corporate staff jobs.

Ramada will also be moving its Ramada and Rodeway Inns reservations centers to Phoenix from Omaha, Nebraska. Expected to create at least 250 jobs in Phoenix, the combined center will be located at 3838 East Van Buren. Most of the jobs will be for reservation clerks. The move should be completed by April 1, 1988.

The Carefree Inn has closed down for a year while undergoing a $10 million to $11 million renovation and expansion. Plans include increasing the number of guest rooms from 193 to 250 and adding meeting rooms and health facilities. About half of the 80 employees have been hired by other Westcor hotels.

The Yavapai Apache Tribe has begun construction on the $4.3 million first phase of Cliff Castle Lodge, a resort-convention center on Montezuma Castle Highway near Interstate 17. The 80-room lodge is expected to open in the spring.

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